

**REPORT OF THE AUDIT OF THE
CAMPBELL COUNTY
CLERK**

**For The Year Ended
December 31, 2009**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CAMPBELL

**For The Year Ended
December 31, 2009**

The Auditor of Public Accounts has completed the Campbell County Clerk's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statements present fairly in all material respects, the revenues and expenditures of the County Clerk and the revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Campbell County Clerk had total receipts of \$17,526,297, which was a \$1,022,040 decrease from the prior year. Except for reimbursed expenses in the amount of \$234,024, the County Clerk paid 25% of receipts to the Campbell County Fiscal Court in the amount of \$431,553. This was a decrease of \$1,643 from the prior year. In addition, disbursements decreased by \$1,131,753.

Report Comments:

- 2009-1 The County Clerk Should Only Deposit Money Into And Expend Money From His Discretionary Account For Its Intended Purpose
- 2009-2 The County Clerk Should Improve Procedures Over The Imprest Account
- 2009-3 The County Clerk Should Issue Receipts And Deposit Daily
- 2009-4 The County Clerk Has Some Disallowed Expenditures Made Via Purchase Orders

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Pendery, Campbell County Judge/Executive
Honorable Jack Snodgrass, Campbell County Clerk
Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the County Clerk of Campbell County, Kentucky, and the statement of revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2009. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2010 on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Steve Pendery, Campbell County Judge/Executive
Honorable Jack Snodgrass, Campbell County Clerk
Members of the Campbell County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2009-1 The County Clerk Should Only Deposit Money Into And Expend Money From His Discretionary Account For Its Intended Purpose
- 2009-2 The County Clerk Should Improve Procedures Over The Imprest Account
- 2009-3 The County Clerk Should Issue Receipts And Deposit Daily
- 2009-4 The County Clerk Has Some Disallowed Expenditures Made Via Purchase Orders

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Campbell County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

December 10, 2010

CAMPBELL COUNTY
JACK SNODGRASS, COUNTY CLERK
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Fees For Services		\$	38,275
Fiscal Court			112,581
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	2,070,294	
Usage Tax		6,024,162	
Tangible Personal Property Tax		6,757,664	
Other-			
Chattels		123,074	
Marriage Licenses		25,643	
Deed Transfer Tax		203,342	
Delinquent Taxes		1,158,074	
Housing Trust Fund		120,126	16,482,379
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		23,040	
Real Estate Mortgages		48,150	
Chattel Mortgages and Financing Statements		113,240	
Powers of Attorney		3,753	
Refunds		115,556	
Miscellaneous Services		71,438	
All Other Recordings		318,006	
Charges for Other Services-			
Notaries		48,586	
Copywork		89,380	831,149
Other:			
Leases		216	
Miscellaneous		436	
Duplicates		19,823	
Postage		32,972	
Bail Bonds		418	
Prior Year Excess		7,768	61,633
Interest Earned			280
Total Revenues			17,526,297

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 JACK SNODGRASS, COUNTY CLERK
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,427,326

Usage Tax 5,847,803

Tangible Personal Property Tax 1,962,255

Licenses, Taxes, and Fees-

Housing Trust Fund 119,952

Delinquent Tax 324,907

Legal Process Tax 65,186

Chattels 123,074 \$ 9,870,503

Payments to Fiscal Court:

Tangible Personal Property Tax 527,154

Delinquent Tax 118,969

Deed Transfer Tax 193,174 839,297

Payments to Other Districts:

Tangible Personal Property Tax 4,039,926

Delinquent Tax 429,800 4,469,726

Payments to Sheriff

69,565

Payments to County Attorney

150,929

Other Charges-

Refunds 149,982

Miscellaneous 1,549

Election Expenses 14,511 166,042

Total Expenditures

\$ 15,566,062

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
JACK SNODGRASS, COUNTY CLERK
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS
For The Year Ended December 31, 2009
(Continued)

Net Revenues		\$	1,960,235
Payments to State Treasurer:			
75% Operating Account	\$	1,528,682	
25% County Fund		431,553	1,960,235
			<hr/>
Balance Due at Completion of Audit		\$	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 JACK SNODGRASS, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2009

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2009 (Restated)	\$ 311,626	\$	\$ 311,626
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	1,528,682		1,528,682
Fees Paid to State - County Funds (25%)		431,553	431,553
Total Funds Available	1,840,308	431,553	2,271,861
<u>Expenditures</u>			
Campbell County Fiscal Court	\$	\$ 431,553	\$
Personnel Services-			
Official's Statutory Maximum	95,256		95,256
Official's Expense Allowance	3,600		3,600
Official's Training Incentive	3,528		3,528
Deputies' Salaries	745,187		745,187
Employee Benefits-			
Employer's Share Social Security	59,797		59,797
Employer's Share Retirement	124,696		124,696
Employer's Paid Health Insurance	164,503		164,503
Other Payroll Expenditures			
Contracted Services-			
Advertising	11,950		11,950
Printing and Binding	7,021		7,021
Materials and Supplies-			
Office Supplies	34,108		34,108
Office Equipment	2,634		2,634
Other Charges-			
Conventions and Travel	7,735		7,735
Computer Equipment	35,933		35,933
Computer Services	34,868		34,868

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 JACK SNODGRASS, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Other Charges (continued)-			
Election Expense	\$ 13,746	\$	\$ 13,746
Phone	562		562
Postage	18,922		18,922
Maintenance & Repairs	1,914		1,914
Insurance	17,989		17,989
Miscellaneous	15,849		15,849
Total Expenditures	<u>1,399,798</u>	<u>431,553</u>	<u>1,831,351</u>
Less Disallowed Expenditures	(327)		(327)
Total Allowable Expenditures	<u>1,399,471</u>	<u>431,553</u>	<u>1,831,024</u>
Fund Balance - December 31, 2009	<u>\$ 440,837</u>	<u>\$ 0</u>	<u>\$ 440,837</u>

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the County Clerk as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Payments due other governmental entities for December tax and fee collections
- Payroll expenditures incurred but not paid
- Payments due vendors for goods or services provided in 2009

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Grant Account

The County Clerk maintains a Grant Account for local records microfilming grants from the Kentucky Department for Libraries and Archives. The beginning balance was \$615. There was no activity in the account in 2009. The Grant Account Balance was \$615 as of December 31, 2009.

Note 5. Bond Account

The County Clerk maintains a separate bank account for the receipt and disbursement of mechanic's bonds. The beginning balance was \$2,970. Interest earned was \$2. There were no disbursements. The account had a balance of \$2,972 as of December 31, 2009.

Note 6. Delinquent Tax Account

The County Clerk maintains an account for delinquent tax refunds and overpayments. The beginning balance was \$18,308. Receipts were \$4,493 and interest earned was \$10. During the year, \$537 was expended. The Delinquent Tax Account had a balance of \$22,724 as of December 31, 2009.

Note 7. Courthouse Commission Escrow Account

The Campbell County Clerk's office opened an escrow account in September 2009 to account for various taxes collected for the Courthouse Commission district. The initial deposit into the account was \$9,608. Interest earned was \$5, leaving a balance of \$9,613 as of December 31, 2009.

Note 8. Prior Year Adjustment

The beginning fund balance was decreased \$7,166 to correct the fund ending balance from the prior year.

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Note 9. Related Party Transactions

The County Clerk's Office, along with the Campbell County PVA, the Campbell County Sheriff, and the County Attorney, together known as the Campbell County Courthouse Network Group, obtains computer/phone service from Global Business Solutions, Inc., the President of which is Gaby Batshoun, the son-in-law of the County Clerk. The County Clerk also secures the services of Guard Link for closed circuit TV service. The President of Guard Link is a brother to Mr. Batshoun. The transactions involved with these two businesses totaled \$69,836 in 2009.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Pendery, Campbell County Judge/Executive
Honorable Jack Snodgrass, Campbell County Clerk
Members of the Campbell County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements - regulatory basis of the Campbell County Clerk for the year ended December 31, 2009, and have issued our report thereon dated December 10, 2010. The County Clerk's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Campbell County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying comments and recommendations as item 2009-2 that we consider to be a significant deficiency in internal control over financial reporting.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Campbell County Clerk's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2009-1 through 2009-4.

The Campbell County Clerk's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the County Clerk's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Campbell County Fiscal Court, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

December 10, 2010

COMMENTS AND RECOMMENDATIONS

CAMPBELL COUNTY
JACK SNODGRASS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2009

FINANCIAL STATEMENT FINDINGS:

2009-1 The County Clerk Should Only Deposit Money Into And Expend Money From His Discretionary Account For Its Intended Purpose

KRS 64.345(2) states, "...Necessary expenses for sheriffs and county clerks in counties containing a city of the first class, an urban-county form of government, or a consolidated local government, and counties with a population of seventy thousand (70,000) or more shall include discretionary funds to cover additional expenses related to homeland security emergencies, academy graduations, retirements, state and national sheriff's conventions, and extraordinary office expenses in amounts authorized by the approving authority." Campbell County authorized a \$3,000 discretionary fund for the County Clerk for both calendar years 2008 and 2009. During the audit, the Auditor found the following issues with the discretionary account:

- The County Clerk deposited monies other than the approved \$3,000 into this discretionary account during calendar year 2009. This money came from fees collected from the sale of key cards made for lawyers and title clerks to have access to the records room after hours, election commission reimbursement, and election recount fees. These fees totaled approximately \$3,950 and should have been deposited into the Clerk's official fee account.
- The County Clerk sold some old file cabinets to two other County Clerks. He received \$300 for the cabinets, and deposited these proceeds into the discretionary account. These file cabinets were the property of the Campbell County Fiscal Court, so the file cabinets should have been surplus sales for the Fiscal Court. This money should never have been deposited into the discretionary account.
- The County Clerk also commingled personal funds with that of the discretionary account. Pursuant to KRS 64.580, commingling of public and personal funds by a fee official is prohibited. The County Clerk made a personal purchase at Sam's Club, paying for the invoice from the discretionary account, and then reimbursing the discretionary account with personal funds.
- The County Clerk used this account to pay for items that are not allowable. Although this account is called a discretionary account, the expenditures from this account should still follow the guidelines for being necessary for the operation of the office, reasonable in amount, beneficial to the public, not personal in nature, supported by adequate documentation, or else otherwise specifically stated in the statute creating the discretionary accounts. The County Clerk used discretionary funds to purchase:
 - Items With No Supporting Documentation - \$406.42
 - Advertisements In Various Booster Publications - \$280.00
 - Lollipops and Plastic Forks and Spoons - \$439.97
 - Catering For A Christmas Party - \$321.18
 - Pizza - \$187.82
 - Television and Christmas Trees - \$808.92

CAMPBELL COUNTY
 JACK SNODGRASS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-1 The County Clerk Should Only Deposit Money Into And Expend Money From His Discretionary Account For Its Intended Purpose
 (Continued)

We recommend the County Clerk only use the discretionary fund for its intended purpose. That includes no deposits to this account except for the amount designated by the Campbell County Fiscal Court, and received from Finance to establish this account. Also, there should be no commingling of personal funds in this account. And finally, this account should only be used to purchase items that follow the guidelines listed in the bullet above. We also recommend that the County Clerk reimburse this fund \$2,444.31 for the disallowed expenditures listed above. After all of this is complete, any funds in this account that should have been deposited into the fee account should be turned over to that account.

County Clerk's Response: Expenditures were made from "Discretionary" fund. There were "no" guidelines as to what was or was not allowed. I had permission from my fiscal court to purchase said item. I don't think I need to reimburse these funds.

Response made by the County Clerk in reference to Advertisements in Various Booster Publications: It is my job to promote voter registration. A copy of an ad is enclosed. It is not "political".

Auditor's Reply: There are guidelines for Discretionary Account expenditures set forth in KRS 64.352. These guidelines are summarized in the first paragraph of this finding. Expenditures from this account should be necessary for the Clerk's office and be accompanied by supporting documentation. The disallowed expenditures include items such as lollipops, pizza, Christmas trees, etc. that are not necessary for the operation of the County Clerk's office.

In response to the County Clerk's statement that he advertised in various booster publications because, "It is my job to promote voter registration," any advertisement should be educational in nature. They should detail voter registration deadlines, unusual office hours, etc. The ads in question only said, "Register, Vote And Be Counted. Jack Snodgrass, Campbell County Clerk."

2009-2 The County Clerk Should Improve Procedures Over The Imprest Account

During the audit, the Auditor found the following issues with the Imprest Account.

- The account was not being reconciled back to the original \$7,500 every month. It was also not clear as to what expenses each reimbursement covered.
- The County Clerk commingled personal funds with that of the imprest account. The County Clerk would make personal purchases out of this fund and then reimburse the account at a later date. Pursuant to KRS 64.580, commingling of public and personal funds by a fee official is prohibited.
- Copies of all invoices were not kept after sending the original to the State for reimbursement.

CAMPBELL COUNTY
JACK SNODGRASS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-2 The County Clerk Should Improve Procedures Over The Imprest Account (Continued)

- The following disallowed expenditures were made from the imprest account:
 - Advertisements in Various Booster Publications - \$95.00
 - Fuel For which Reimbursement Was Paid To The Clerk On A Travel Voucher - \$19.50
 - Sales Tax Paid - \$13.17

We recommend procedures be put into place that will ensure accurate reporting for the imprest account. This would include monthly reconciliations, prohibiting the commingling of personal and public funds, keeping copies of invoices for inspection, and reimbursing the account \$127.52 from personal funds for the disallowed expenditures.

County Clerk's Response: No Response.

2009-3 The County Clerk Should Issue Receipts And Deposit Daily

The Auditor noted that the County Clerk did not issue receipts for the sale of key cards, nor did he deposit the funds collected for these cards daily. The money for these cards was put into the office safe and only deposited after a larger amount accumulated. These funds were then deposited into the County Clerk's discretionary account rather than his official fee account. Therefore, these daily receipts were not recorded on a daily checkout sheet and subsequent receipts ledger.

KRS 64.840 requires three-part receipts be prepared for all receipts. In addition, KRS 68.210 requires daily deposits be made into an official fee account, accounted for on a daily checkout sheet, and then posted to a receipts ledger.

We recommend the County Clerk follow the guidelines in the laws stated above and issue receipts for any money collected, and deposit that money collected intact daily.

County Clerk's Response: This process is now in place.

CAMPBELL COUNTY
JACK SNODGRASS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-4 The County Clerk Has Some Disallowed Expenditures Made Via Purchase Orders

In accordance with Funk v. Milliken, 317 S.W.2d 499 (KY 1958), expenses made through the fee account must be necessary for the operation of the office, reasonable in amount, beneficial to the public, not predominantly personal in nature, and supported by adequate documentation.

The following expenditures were made via purchase orders:

- Late Fees - \$78.00
- Finance Charges - \$31.98
- Sales Tax - \$5.50
- Plates and Napkins - \$22.24
- Lollipops - \$61.64

The items listed above do not meet the criteria outlined by Funk v. Milliken, and are therefore disallowed. We recommend that the County Clerk deposit \$199.36 from his personal funds into his fee account and turn over on a pay-in voucher 100% into his 75% account.

County Clerk's Response: Again – funds used from discretionary account and okayed by fiscal court.

Auditor's Reply: These expenditures were not made from the Discretionary Account. When items are paid through submitting them on a purchase order to County Fee Systems, the expenditures are made from the County Clerk's 75% operating fund.

